

# BUDGET LETTER

<b>SUBJECT:</b> YEAR-END FINANCIAL REPORTING REQUIREMENTS	<b>NUMBER:</b> 04-08 <b>DATE ISSUED:</b> April 19, 2004
<b>REFERENCES:</b> STATE ADMINISTRATIVE MANUAL SECTIONS 7900 ET SEQ., 8340, 10608; GOVERNMENT CODE SECTION 16304; BUDGET LETTERS 01-10 AND 03-43	<b>SUPERSEDES:</b> BL 03-08

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds State departments of the year-end financial reporting deadlines for fiscal year 2003-04.

## YEAR-END FINANCIAL REPORTING DEADLINES

Departments must submit the appropriate 2003-04 year-end reports to the State Controller's Office (SCO) and State Treasurer's Office according to the following schedule:

### August 2, 2004

- **General Fund**
- **Feeder funds** (0081, 0084, 0085, 0086, 0088 through 0091, 0094, 0095, and 0097)
- **Economic uncertainty funds** (0374, 0375, and 0377)

### August 20, 2004

- **All other funds**

Government Code Section 12461.2 authorizes the SCO to withhold any or all operating funds from a department if that department fails to submit complete and accurate financial reports, as required in the State Administrative Manual (SAM), to the SCO within twenty days from the above due dates. Therefore, departments should carefully plan to meet year-end reporting deadlines.

To assist with this process, departments are reminded that a year-end workplan is a necessary tool to plan and monitor financial reporting activities and ensure the timely completion of the reports. The SAM Section 7950 discusses some of the steps that should be included in the year-end workplan. Requirements for financial reports included in SAM Sections 7900 et seq. should be reviewed early in the year-end process in order to minimize problems.

Departments will carefully identify the amount of obligations and encumbrances as of June 30, 2004. Obligations are amounts due for goods and services received that have not been scheduled for payment. Encumbrances represent commitments for goods and services that will be received in the following year(s). The encumbrances of an appropriation must comply with the Government Code Section 16304 and the authorizing legislation. In addition, the encumbrances and expenditures reported on the year-end statements must be in accordance with the current ban on contracts, equipment acquisition, and travel

(BL 03-43), unless an exemption has been approved by the Department of Finance (Finance). Since encumbrances are estimates, each encumbrance must be reviewed to determine validity and that the amounts closely approximate the actual expenditures that will be incurred. If the ultimate expenditure will be funded by a reimbursement, this information must also be reported, as detailed in BL 01-10.

The Finance, California State Accounting and Reporting System (CALSTARS) training unit will offer year-end training classes for CALSTARS departmental accounting staff who are involved in financial statement preparation. CALSTARS Operations Memo 04-03 announced this year's training schedule, which is available on the CALSTARS website at:

<http://www.dof.ca.gov/html/calstars/calsdocs/other/TrainingCalendar.pdf>. Other year-end resources include Volume 7 of the CALSTARS Procedures Manual at: <http://www.dof.ca.gov/html/calstars/cpm.htm> and a report checklist at: <http://www.dof.ca.gov/html/calstars/optools.htm>. Assistance is also available from the CALSTARS Hotline at (916) 327-0100, CALNET 467-0100, or e-mail: <mailto:hotline@dof.ca.gov>. If you have questions concerning year-end requirements or accounting policies, please contact the Fiscal Systems and Consulting Unit hotline at (916) 324-0385, CALNET 454-0385, or e-mail: <mailto:fscuhotline@dof.ca.gov>.

### **Preparation of Past Year Budget Documents**

Past year expenditure and revenue amounts posted on budget documents must reconcile with amounts reflected in year-end financial reports submitted to the SCO. For the General Fund, Finance compares amounts on budget documents to SCO data from year-end reports and departments must explain differences. For all other funds, Finance designates an administering organization. This administering organization prepares the Governor's Budget Fund Condition Statement and must reconcile differences between the SCO Annual Report and the Governor's Budget. Departments must provide a written explanation of differences to their Finance budget analyst and to the SCO, Division of Accounting and Reporting.

/s/ Veronica Chung-Ng

Veronica Chung-Ng  
Program Budget Manager

#### **Upcoming Budget Letters**

- IT Budgeting Guidelines